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Poultry and Products

Avian Influenza: EU financial aid within reach for EU poultry sector

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Report Highlights:

On April 25, 2006, the European Agricultural Council approved a proposal for EU financial aid for the European eggs and poultry sector. The European Commission and the European Parliament had already given the green light in previous weeks. After publication in the Official Journal, the approval of co-funding of market support measures submitted by Member States could start at the next Committee meeting in May.

European poultry stocks are reportedly amounting to over 300 thousand MT.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Brussels USEU [BE2]
[E3]

Proposal for EU financial aid to poultry sectors agreed.

On April 25, 2006, the European Council¹ unanimously adopted a Regulation (7934/06 + COR 1) amending Regulations (EEC) N°2771/75 (Common market organization on eggs) and (EEC) N°2777/75 (Common market organization for poultry meat) as regards the application of exceptional market support measures. The Regulation extends the scope of Article 14 of Regulations (EEC) N° 2771/75 and (EEC) N° 2777/75. This article allows for a 50 percent co-financing from the EU budget of veterinary measures (such as slaughtering of chickens) and a 50 percent co-financing of compensation for animal movement restrictions resulting from an outbreak of animal disease on a farm on the territory of the EU. The new text will allow "exceptional market measures" to be taken at the request of Member States, to take account of: "serious market disturbances directly attributed to a loss in consumer confidence due to public health, or animal health risks". The Commission (EC) can now approve support proposals submitted by the Member States (MS) through the Management Committee procedure. The proposal had already been adopted by the Commission on March 29th and by the European Parliament on April 3rd. According to the EC, Belgium, Malta, Spain, Poland, France, Italy, Latvia, Greece, Hungary and Cyprus had all asked for even higher EU co-funding than the approved 50%.

Since the beginning of the avian flu crisis, consumption of poultry and eggs had fallen dramatically in some Member States, leading to a sharp reduction in prices. Up to now, the regulations governing the eggs and poultry market allowed the EU to co-finance compensation measures only in cases where there was a case of avian flu on a farm or where farmers were prevented from moving their poultry because of restrictions imposed on veterinary orders. There was no possibility to provide EU aid to take account of market problems linked to a fall in sales caused by a loss of consumer confidence. In the past, the only market support tool available for poultry were export subsidies and the EC had already increased export support on several occasions but this had proven to be ineffective under current market circumstances.

Measures by Member States in response to market difficulties.

Already at the beginning of 2006, Italy called for European measures to support the hard hit Italian poultry producers after Italian poultry consumption halved as a result of consumer reaction to Avian Influenza (AI) outbreaks. France joined after the discovery of an AI H5N1 case in turkey flock in Eastern France at the end of February.

It is expected that several MS will submit proposals for aid to their poultry sectors for approval by the EC Management Committee for EU co-funding. In the Netherlands and Belgium, poultry production was decreased by the destruction of hatching eggs and in the United Kingdom massive imports from other European MS led to sharp decreases in poultry prices despite stable poultry consumption².

While domestic consumption in European MS is recovering, European poultry stocks have reached over 300 thousand MT, with few export opportunities because of the ongoing AI situation in the world. European MS are gradually lifting restrictions on poultry farms, as only a few new cases of AI in wild birds have been discovered. It is, however, anticipated that new cases will be expected when bird migration starts again next autumn.

¹ http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/agricult/89303.pdf

² GAIN E36055 - Avian Influenza: Impact on EU Poultry Trade and Prices at <http://www.fas.usda.gov/gainfiles/200604/146187337.pdf>

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Report Number	Title	Date Released
E36055	Avian Influenza: Impact on EU Poultry Trade and Prices	April 6, 06
E36038	Avian Influenza: Impact of Outbreaks on European Poultry and Meat Markets	March 7, 06
E36015	Poultry – Semi-annual	February 1, 06
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